

CLEVELAND PUBLIC LIBRARY
BUSINESS INFORMATION BUREAU
CORPORATION FILE

J. J. NEWBERRY CO.
NEW YORK

ANNUAL REPORT

DECEMBER 31, 1938

ASSETS

CURRENT ASSETS:

| | |
|-----------------------------------------------------------------------------------------------------------------------------|-----------------|
| Cash in Banks, on Hand and in Transit | \$ 4,774,994.00 |
| Miscellaneous Notes and Accounts Receivable (less Reserve \$4,064.42) | 28,718.91 |
| Merchandise—at the lower of cost or market (determined by responsible officials on the basis of physical inventories) | 6,343,237.33 |
| Total Current Assets | 11,146,950.24 |
| Notes Receivable of Employees (capital stock of the Company held as collateral) | 5,941.72 |
| Miscellaneous Investments and Advances — at cost | 21,505.98 |

PROPERTY AND EQUIPMENT:

| | |
|--------------------------------------------------------------------------|-----------------|
| Land, Buildings and Improvements at or below cost | \$8,286,004.67 |
| Less Reserve for Depreciation | 584,100.47 |
| | 7,701,904.20 |
| Furniture and Fixtures—at cost | \$ 9,166,835.79 |
| Less Reserve for Depreciation | 3,300,314.30 |
| | 5,866,521.49 |
| Alterations and Improvements to Leased Premises — at or below cost | 4,096,986.28 |
| Less Reserve for Amortization | 1,279,476.29 |
| | 2,817,509.99 |
| | 16,385,935.68 |

PREPAID EXPENSES AND

DEFERRED CHARGES:

| | |
|----------------------------------------------------------------|-----------------|
| Unexpired Insurance, Supplies, Prepaid Rents, Taxes, etc. | 338,437.52 |
| Deferred Charges | 54,386.85 |
| | 392,824.37 |
| | \$27,953,157.99 |

The Board of Directors,

J. J. NEWBERRY CO., New York, N. Y.

We have made an examination of the Consolidated Balance Sheet for the year ended December 31, 1938, and of the Consolidated Profit and Loss and Retained Earnings Accounts examined or tested accounting records of the companies and other documents and papers furnished to us by officers and employees of the companies; we also made a general review of the income accounts for the year, but we did not make a detailed audit of the same.

In our opinion, based upon such examination, the accompanying Consolidated Profit and Loss and Surplus Accounts fairly present, in accordance with the requirements of the Companies Act, the results of the operations of the companies during the year under review, their consolidated financial position at the end of the year.

New York, N. Y., February 21, 1939.

RECORD OF SALES AND EARNINGS

| Year | Number of Stores | Sales | Earnings per share on Common Stock Outstanding |
|------|---------------------|---------------|---------------------------------------------------------|
| 1912 | 1 | \$32,382.71 | N |
| 1913 | 2 | 42,183.99 | O |
| 1914 | 3 | 92,640.38 | T |
| 1915 | 5 | 116,009.19 | I |
| 1916 | 5 | 151,464.52 | N |
| 1917 | 6 | 149,465.64 | C |
| 1918 | 7 | 276,449.11 | O |
| 1919 | 17 | 502,445.43 | R |
| 1920 | 17 | 751,984.16 | P |
| 1921 | 26 | 1,157,233.90 | O |
| 1922 | 33 | 1,750,066.32 | R |
| 1923 | 51 | 3,564,946.51 | A |
| 1924 | 68 | 5,114,338.79 | T |
| 1925 | 86 | 6,897,413.59 | E |
| 1926 | 112 | 9,985,073.71 | D |
| 1927 | 151 | 15,069,158.69 | \$4.68 |
| 1928 | 210 | 20,609,366.02 | 6.42 |
| 1929 | 279 | 27,789,369.40 | 8.28 |
| 1930 | 335 | 30,187,391.73 | *3.06 |
| 1931 | 379 | 31,146,802.06 | 3.65 |
| 1932 | 406 | 33,121,669.83 | 4.62 |
| 1933 | 417 | 35,146,574.03 | ‡3.15 |
| 1934 | 431 | 41,054,217.93 | 2.22 |
| 1935 | 450 | 43,388,611.37 | 1.73 |
| 1936 | 461 | 48,376,510.11 | 1.07 |
| 1937 | 469 | 50,315,453.78 | 3.06 |
| 1938 | 476 | 49,040,697.13 | 5.38 |
| | | | 4.94 |
| | | | 6.03 |
| | | | 5.27 |
| | | | 4.04 |

* 300% Stock Dividend issued September 1st, 1926.

‡ 50% Stock Dividend and Rights to subscribe to 10% of holdings issued May 1st, 1929.

Consolidated Profit and Loss Account For the Year ended December 31, 1938

| | | |
|----------------------------------------------------------------------------------------------------------------------------------------------|-----------------|-------------------------------|
| Sales | | \$49,040,697.13 |
| Cost of merchandise sold and operating expenses, including general and administrative expenses, and after deducting income from rentals..... | | 45,690,762.60 |
| | | <u>3,349,934.53</u> |
| Deduct: | | |
| Interest on Long Term Notes..... | \$ 82,416.67 | |
| Interest on Mortgages and Other Interest | 151,704.58 | |
| Provision for Depreciation and Amortization | 729,770.26 | |
| Losses (net) arising from demolition or sale of land and buildings and cost of cancellation of store lease | 140,257.39 | |
| Other Charges (net) | <u>5,404.82</u> | 1,109,553.72 |
| | | 2,240,380.81 |
| Provision for Federal Income Tax..... | | <u>379,067.75</u> |
| | | 1,861,313.06 |
| Dividends on preferred stocks of J. J. Newberry Realty Co. in hands of the public | | 68,571.26 |
| Net Income for the Year ended December 31, 1938 | | <u><u>\$ 1,792,741.80</u></u> |

CONSOLIDATED SURPLUS ACCOUNT

| | | |
|--------------------------------------------------------------------------------------------------------------------------------|-------------------|------------------------------|
| Balance as at December 31, 1937 | | \$ 8,268,101.64 |
| Net Income for the Year ended December 31, 1938 | | 1,792,741.80 |
| | | <u>10,060,843.44</u> |
| Deduct: | | |
| Balance of certain store improvements unamortized at December 31, 1938 and building and portion of land costs written off..... | \$278,653.27 | |
| Adjustments of Federal Income Tax and sundry items applicable to prior years—net | <u>20,249.83</u> | 298,903.10 |
| | | <u>9,761,940.34</u> |
| Dividends: | | |
| 5% Preferred Stock, Series A..... | 254,930.00 | |
| Common Stock—\$2.10 per share | <u>798,936.60</u> | 1,053,866.60 |
| Balance as at December 31, 1938 (including \$16,024.89 Paid-in Surplus)..... | | <u><u>\$8,708,073.74</u></u> |

J. J. NEWBERRY CO.

AND SUBSIDIARY COMPANIES

Consolidated Balance Sheet As At December 31, 1938

LIABILITIES

CURRENT LIABILITIES:

| | | |
|-----------------------------------------------------------------------------------------------------|--------------|-----------------|
| Accounts Payable, Bonuses, Accrued Interest, Etc. | | \$ 1,757,664.18 |
| Provision for Federal Income and Capital Stock Taxes | | 444,093.45 |
| 3% Serial Notes—instalments payable December 31, 1939 | | 200,000.00 |
| Total Current Liabilities | | 2,401,757.63 |
| Mortgages Payable on Real Estate: | | |
| Demand | \$ 96,106.09 | |
| Term | 2,690,725.51 | |
| (\$150,000.00 estimated to be paid on Mortgages in 1939) | | 2,786,831.60 |
| Five Year 3¾% Notes due May 1, 1940 | | 1,000,000.00 |
| 3% Serial Notes—payable \$200,000.00 annually commencing December 31, 1939 | 2,000,000.00 | |
| Less Instalments payable December 31, 1939 classified as current liabilities | 200,000.00 | |
| | | 1,800,000.00 |
| Reserve for Self-Insurance (Fire Loss) | | 181,257.28 |
| Minority Interest in J. J. Newberry Realty Co.: | | |
| Capital Stock: | | |
| 6½% Cumulative Preferred, Series A—10,000 shares of \$100.00 each, less 14 shares in Treasury | 998,600.00 | |
| 6% Cumulative Preferred, Series B—610 shares of \$100.00 each | 61,000.00 | |
| | 1,059,600.00 | |
| Accrued Dividends thereon (due February 1, 1939) | 11,428.16 | |
| | | 1,071,028.16 |

CAPITAL STOCK AND SURPLUS:

| | | |
|--------------------------------------------------------------|---------------|------------------------|
| 5% Preferred, Series A—Par Value \$100.00 per share: | | |
| Authorized, 75,000 shares. | | |
| Issued, 50,986 shares | 5,098,600.00 | |
| Common, No Par Value: | | |
| Authorized, 800,000 shares. | | |
| Issued, 395,314 shares | 5,208,571.89 | |
| Earned Surplus | 8,692,048.85 | |
| Paid-in Surplus | 16,024.89 | |
| | 19,015,245.63 | |
| Less Cost of 14,868 shares of Common Stock in Treasury | 302,962.31 | |
| | | 18,712,283.32 |
| | | <u>\$27,953,157.99</u> |

Balance Sheet of J. J. Newberry Co. and Subsidiary Companies as at December 31, 1938. In connection therewith, we have examined the supporting evidence and obtained information and explanations of the accounting methods and of the operating and financial results of the transactions.

Our opinion is that the accompanying Consolidated Balance Sheet and related Consolidated Income Statement are in accordance with accepted principles of accounting consistently maintained throughout the year ended at December 31, 1938, and the results of their operations.

PEAT, MARWICK, MITCHELL & CO.

OFFICERS

C. T. NEWBERRY.....*Chairman of the Board*
J. J. NEWBERRY.....*President*
E. A. NEWBERRY.....*Vice-Pres. and Treas.*
J. L. BOUGHNER.....*Vice-President*
T. H. HOCHSTRASSER.....*Vice-President*
W. C. SCHULZ.....*Secy. and Asst. Treas.*
J. H. EWEN.....*Asst. Secy. and Asst. Treas.*

DIRECTORS

C. T. NEWBERRY
J. J. NEWBERRY
E. A. NEWBERRY
J. L. BOUGHNER
T. H. HOCHSTRASSER
C. V. PALLISTER
W. C. SCHULZ
F. R. SMITH
J. H. EWEN
WALTER WILLIAMS
